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SUBJECT: VISIT OF GOV. BUSH FOR BERGER INAUGURAL

1. (SBU) Summary: Governor Jeb Bush headed the White House Delegation to the inauguration of Guatemalan President Oscar Berger, January 13-14, 2004, and met privately with both outgoing President Portillo and incoming President Berger. In the meeting with Berger, Governor Bush pledged continued USG support for Guatemalan democracy, and discussed the benefits of CAFTA. Berger responded that his government will seek closer ties with the U.S.; said that his advisors had still not seen the full text of the CAFTA agreement initialed by the Portillo Government; and expressed concerns about the treatment of some sectors, beer in particular. The U.S. Delegation attended a presentation by the non-traditional export association, where Governor Bush spoke about the growing importance to the U.S. and Guatemala of bilateral trade and investment. In a lunch with several of the new ministers, civil society leaders and private sector representatives, Governor Bush restated the priority President Bush assigns to strong relations with our hemispheric neighbors. Press coverage was uniformly positive and the visit strongly supported U.S. interests in enhanced cooperative relations with the incoming government. End Summary.

Delegation Membership

2. (U) Governor of Florida Jeb Bush and his wife Columba headed the White House Delegation to the inaugural of President Oscar Berger, January 13-14, 2004. The U.S. Delegation also included the Ambassador, Hamilton (Tony) James (Vice Chairman of the Blackstone Group), Bob Martinez (former Governor of Florida and Managing Director of Carlton Fields) and Alberto Piedra (former Ambassador of the U.S. to Guatemala, 1984-87), and was accompanied by State Department Deputy Chief of Protocol Jeffrey Eubank and Protocol Officer Christian Vanderbrouk, and Alan Florez, aide to Governor Bush.

Meeting with President Portillo

3. (SBU) Following their arrival in Guatemala City in the early evening of January 13, Governor Bush and the U.S. Delegation met privately at the Palace with outgoing President Alfonso Portillo. The Governor thanked Portillo for the warm bilateral relationship during his four years as President, noting that his negotiation of a free trade agreement with the U.S. (CAFTA) would be an historic legacy that would transform Guatemala. Portillo said he was honored that President Bush had sent his brother to Guatemala to head the U.S. Delegation, and expressed pride in Guatemala's recent elections that had had record voter turnout. He said he was looking forward to retiring from politics. Governor and Mrs. Bush attended President Portillo's farewell dinner for heads of state at the Palace on the night of January 13, and other delegation members participated in a dinner hosted by outgoing Minister of Foreign Affairs Edgar Gutierrez also at the Palace.

Meeting with President-Elect Berger and VP-elect Stein

4. (SBU) The delegation had a breakfast briefing by the Country Team on January 14, followed by a private meeting with President-elect Oscar Berger. Berger was accompanied by Vice President-elect Eduardo Stein, Foreign Minister-designate Jorge Briz, Vice Foreign Minister-designate Jorge Skinner-Klee, and Berger's Private Secretary Alfredo Vila. Berger welcomed Governor Bush, and

SIPDIS

said he was honored that President Bush had sent his brother to represent him at the inaugural. Berger apologized for the poor relationship President Portillo had had with the United States, and pledged to make strengthening the bilateral relationship one of his first priorities. Governor Bush said that CAFTA would boost economic growth on both sides of our borders and strengthen the bilateral relationship more broadly. Berger said that his government was deeply committed to CAFTA, but noted that the Portillo Government had not shared a full text of the agreement with the incoming government. He said that the lack of transparency with which the Portillo Government had negotiated CAFTA had created some doubts that the new government hoped to quickly clear up. Foreign Minister Briz expressed particular concern about

CAFTA's liberalization of beer imports, noting that Guatemala has a new brewery that would have difficulty competing without some form of protection from imports (Note: The owners of the new brewery were major contributors to Berger's electoral campaign. End Note). Governor Bush responded that a limited number of individual industries in the U.S. and Guatemala would be negatively affected in the short term by trade liberalization, but that CAFTA would have an overall effect of boosting both of our economies.

15. (SBU) Berger said that his government would strengthen cooperation with us on fighting transnational crime, especially narcotics trafficking, and said he will fully support the creation of the UN Mission to attack organized crime and threats against human rights workers (CICIACS). Berger said that he would name a Vice Minister of Foreign Affairs dedicated to migrant issues, to improve GOG services to its citizens living outside the country. He noted that remittances from Guatemalans in the U.S. exceeded all of Guatemala's traditional exports in 2003. Governor Bush told Berger that the United States is acutely sensitive to the need to document illegal aliens in order, among other things, to find ways to bring down the transaction costs for remittances. He noted that security concerns arising from September 11 and legal authorities belonging to the states would have to be taken into account in finding a solution to this situation. Berger said he looked forward to working with us to find a solution.

Other Delegation Activities

16. (U) The U.S. Delegation met with the non-traditional export association (AGEXPRONT), and received a presentation on this growing sector of the Guatemalan economy. Guatemalan exporters expressed their support for CAFTA's potential to encourage investment and trade, and emphasized the growing optimism within Guatemala about the new, pro-business government and prospects for overcoming the effects of low world coffee prices. With assistance from USAID, AGEXPRONT is helping Guatemalan coffee producers find niche markets for high quality, ecological and organic coffees, while also promoting a range of non-traditional products including apparel, handicrafts, and non-traditional agricultural goods. They also emphasized the central role that Florida plays as the main entry-point for Guatemalan exports to the U.S.

17. (U) The Ambassador hosted a lunch at the Residence for the delegation to meet key leaders, including a number of designated ministers (Economy, Finance, Agriculture, Culture) and other key members of the incoming government, prominent civil society leaders (including Nobel laureate Rigoberta Menchu and human rights defender Helen Mack, who were seated a Governor Bush's side), and private sector representatives. Governor Bush praised the role these members of Guatemalan society had played in strengthening their democracy, remarked on the sense of optimism he sensed at this historic moment and conveyed President Bush's interest in and support for the region.

18. (U) The U.S. Delegation participated in the inaugural ceremony at the National Theater on the afternoon of January 14. In his departure speech, President Portillo exhaustively defended his government's performance, to deafening silence. In his shorter speech President Berger used his remarks to call for unity instead of confrontation, but proceeded to denounce the corruption of the outgoing government. The audience gave Portillo the loudest applause when he surrendered the presidential sash.

19. (U) Following the conclusion of the inaugural ceremony, the U.S. Delegation departed Guatemala by milair at 1900 hrs. local time.

Comment

10. (U) The Presidential delegation advanced U.S. interests and the bilateral relationship tremendously by effectively conveying U.S. support for and interest in Guatemalan democracy. That message was warmly received by both outgoing and incoming governments, despite their mutual animosity. The goodwill generated by Governor Bush's public and private appearances and the delegation's composition and behavior was evident throughout the visit and in press coverage, which was uniformly positive. President Berger was effusive in his praise for the delegation's visit in private remarks to the Ambassador on January 15.

11. (U) This cable was prepared following the departure of Governor Bush and his party.
HAMILTON